

# Decisions, Decisions! Five Things CIOs Often Forget

By CJ Rhoads

*Editor's Note: When you've finally reached the top of the summit, it's easy to forget all the things you saw, and did, to get there. So, as a refresher "course," Dr. CJ Rhoads shares her vast knowledge once more to give us a ground-eye view of the things often not "seen" from up high, and some common sense reminders that can take any IT leader from good to great when it comes to decision making. After reading this article, you'll see why she teaches IT Management courses for ORAtips!*

## Leadership Is Tough!

When I accepted my first "chief" position (CTO at an e-commerce firm) I thought I knew what I was getting into. I was wrong. I've learned a lot about leadership since then - mostly by gaining knowledge from my many mistakes. Today, I see these same mistakes being made by many a CIO.

## Five Things CIOs Often Forget

### One: Most Employees Cannot Learn New Systems As Quickly As Techies

CIOs might be tempted to cut the training budget to increase the ROI for new systems. Big mistake. Often, new CIOs are chosen because they are pretty good at whatever type of technology is used by the business. New leaders forget that few employees will pick up a new system as quickly as they themselves might. Business research clearly shows training is the most critical factor necessary for a successful project. Most systems are used by people who need a lot more support than a few help screens.

**Sometimes not spending money costs us more than investing in the right project.**

### Two: There's More Than One Kind Of Cost

Some people (especially CFOs) talk as if there is only one kind of "cost" - cold hard cash. In a new leadership position, CIOs may be pressured by other members of the leadership team into making the same mistake. But they've simply forgotten that there are many ways to pay a price. Here are several:

- Financial Costs
- Resource Costs
- Psychological Costs
- Marketing Share Costs
- Opportunity Costs

Yes, financial costs are important. We can't forget them. But often a new leader will forget that resources cost money, too. An internally built system may end up costing more than an off-the-shelf system. It is amazing how often internal salaries are conveniently forgotten in planning.

Psychological costs are also real - and often far-reaching. As a VP

for Bank One in the late 90s, I was leading an integration project for 16 months with a team of 40 developers and project managers when the project was suddenly, and unexpectedly, cancelled. This cancellation was especially galling to me because fifteen months earlier I had recommended canceling the project when I found that the goal couldn't be achieved for the estimated costs. If it had been cancelled then, we would have saved 2 million dollars. But more importantly, we would have kept the hearts and minds of those project managers and developers. I never saw anything except half-hearted effort from them after that.

Marketing Share Costs are also important. Sometimes we forget the impact of a new system on our existing customers. If a new system is likely to lose more customers than it brings in, the ROI showing how much money it saves is worthless. When Radio Shack went from a simple cash register system to a computerized system that demanded name, address, and phone number for a simple 98¢ cash sale, they lost a lot of customers (including me).

Lost opportunities need to be considered as well. We want to weigh the cost of doing this versus that. Sometimes not spending money costs us more than investing in the right project.

### Three: Bandwidth Is Not Cheap or Unlimited

We take bandwidth for granted. Email arrives within seconds after being sent halfway around the world. Videos can be viewed across the Internet. With these marvels, it is easy to forget that many systems simply can't work on a wide area network.

One of my clients (a Fortune 500 conglomerate) implemented an ERP system in 60 different locations. After a few years, the CIO made a decision to upgrade to the GUI version of the ERP system - without even thinking about the fact that a graphical interfaces take up to 20 times the bandwidth of text based interfaces. The CIO could easily use the GUI system (given the huge pipe of a 100 megabit local area network [LAN]), but he didn't think about the limits of the 256 kilobit wide area network (WAN).

After they spent hundreds of thousands on the software licenses, they discovered that to make it work they would need to upgrade everyone's connection to a T-1 leased line. That wasn't in the ROI!

We can't blame CIOs who confuse the relative speeds of LANs and WANs. Vendors often don't explain the difference, as demonstrated by the graph presented by an actual vendor at a Webcast I attended last year (Figure 1). The graph indicates that bandwidth per user has been growing steadily since 1999 (true). The problem is that the graph has two axes, so what appears to be relative equity between the LAN and WAN speeds is really an order of magnitude difference. We can't put LAN and WAN speeds on the same chart (Figure 2 shows what it looks like if you try). It would be like showing how a 6 oz glass of water has increased to an 8 oz glass on the same chart that shows how a million gallon swimming pool has increased to a 22

million gallon lake. We just have to remember that not every program works over a WAN.

#### Four: Integration Is Always Harder Than It Looks

"We'll just link the two." How often have you heard that phrase? I've heard it from many CIOs who have simply forgotten how difficult it is to link two different systems that were built without any knowledge of each other.

There are literally hundreds of "gotchas" that can squirrel the works. To name just a few:

- One system stores the ID as a text field, the other stores it as a number.
- One system uses serialized dates, another system uses YYYYM-MDD date format.

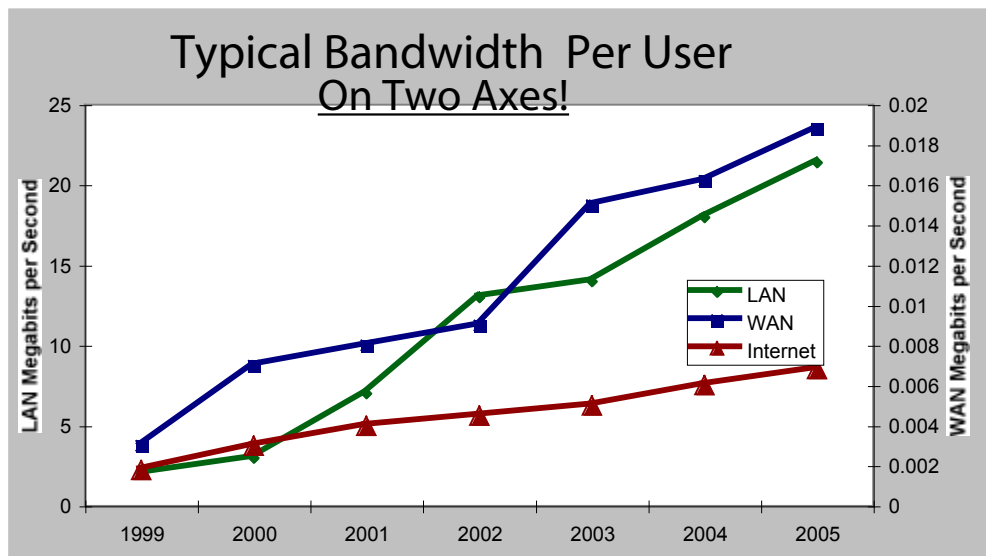


Figure 1 Typical Vendor graph showing LAN and WAN network speeds.

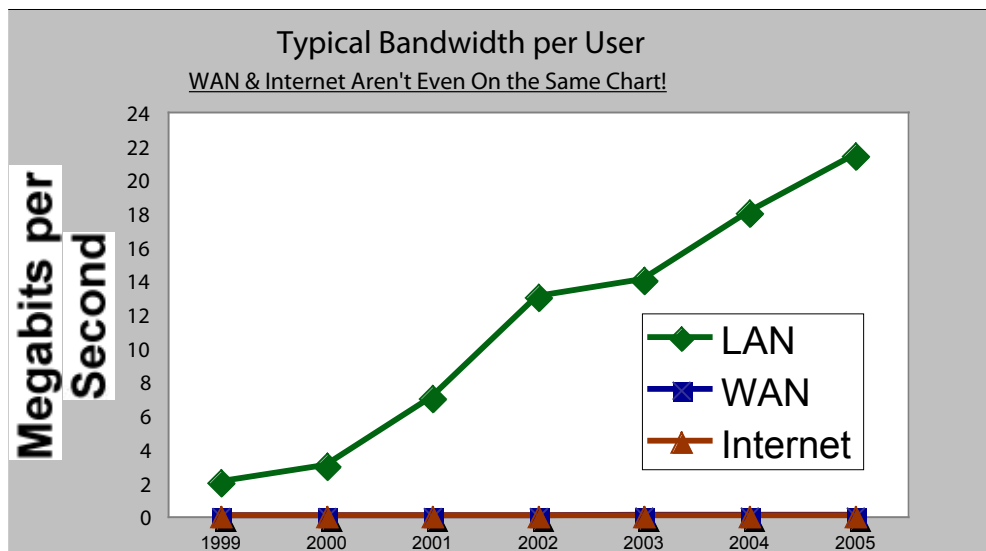


Figure 2 How the above graph SHOULD have looked to reflect reality

- One system puts contra records in the same tables, the other system has a separate table for contra records and combines them when presenting the report.
- One system puts calculations in the queries. Another puts calculations in the reports.

The worst part is - until we know everything about both systems, we can't even tell IF the two systems will integrate, much less estimate the time it will take to get them to work seamlessly together.

### ***Fourteen people didn't fix the problem any faster than one person.***

#### **Five: We Can't Estimate the Unknown**

Which leads in to another common issue I see: CIOs forget that employees working on diagnosing a problem cannot estimate how long it will take to fix until they've identified the cause. Once I forced a poor overworked technician to estimate the time it would take to get the printers to work with a new system we installed. He kept hedging, but I insisted on a timeframe - so he finally said 3 days. Three days later, the printers still weren't working. The poor man had worked 20 hours a day, and had tried dozens of different options - but none of them worked. (We finally gave up and simply purchased new printers - he had been trying to write a new printer driver, but since he didn't know why the old printer driver didn't work with the

new system, he couldn't write the driver to overcome the problem.)

Another related tendency for new leaders is to throw people at a problem. After all, aren't two heads better than one? Well - not always. Once at First USA we had a particularly stubborn problem, and the CIO insisted on a round-the-clock bridge call for the whole team until the problem was fixed. Fourteen people didn't fix the problem any faster than one person. (I finally talked the CIO into allowing us to give up and install a work-around.)

Whenever I am tempted to throw bodies at a problem, I remember Werner Von Braun's answer when asked by the US government why the increased labor force was not helping to decrease the time it was taking to get to the moon: "Nine women pregnant for one month does not have the same end result as having one woman pregnant for nine months."

#### **Remember What It Was Like**

Making decisions in a leadership position is much harder than most people realize. Often new leaders must forget many of the skills they learned as they were moving up the ranks because they now must deal with myriad factors they could simply ignore before. But hopefully they won't forget everything. Remembering these five factors when making decisions will help improve any leader's decision-making ability.

**Dr. CJ Rhoads** is a well-known guru on business technology. She writes and speaks on how to make better decisions about business strategy & technology. She is also the founder of ETM Associates, Inc. a Douglassville-based technology consulting firm, and an Associate Professor at Kutztown University College of Business. She can be reached at [Rhoads@Kutztown.edu](mailto:Rhoads@Kutztown.edu) or at [CJRhoads@ETMAssociates.com](mailto:CJRhoads@ETMAssociates.com).



# **ORAtips** *Journal*

*The information on our website and in our publications is the copyrighted work of Klee Associates, Inc. and is owned by Klee Associates, Inc. NO WARRANTY: This documentation is delivered as is, and Klee Associates, Inc. makes no warranty as to its accuracy or use. Any use of this documentation is at the risk of the user. Although we make every good faith effort to ensure accuracy, this document may include technical or other inaccuracies or typographical errors. Klee Associates, Inc. reserves the right to make changes without prior notice. NO AFFILIATION: Klee Associates, Inc. and this publication are not affiliated with or endorsed by Oracle Corporation. Oracle is a registered trademark of Oracle Corporation and/or its affiliates. Klee Associates, Inc. is a member of the Oracle Partner Network*

**This article was originally published by Klee Associates, Inc., publishers of JDEtips and SAPtips. For training, consulting, and articles on JD Edwards or SAP, please visit our websites: [www.JDEtips.com](http://www.JDEtips.com) and [www.SAPtips.com](http://www.SAPtips.com).**